

CITY OF MAPLE VALLEY, WASHINGTON

ORDINANCE O-20-695

AN ORDINANCE OF THE CITY OF MAPLE VALLEY, KING COUNTY, WASHINGTON ADOPTING A NEW CHAPTER 3.05A ENTITLED “SALES AND USE TAX FOR HOUSING” TO THE MAPLE VALLEY MUNICIPAL CODE IN ACCORDANCE WITH SUBSTITUTE HOUSE BILL 1406 (CHAPTER 338, LAWS OF 2019), PROVIDING FOR SEVERABILITY, EFFECTIVE DATE AND CORRECTIONS.

WHEREAS, in the 2019 Regular Session, the Washington State Legislature approved Substitute House Bill 1406 to implement a local sales and use tax to fund affordable and supportive housing (Chapter 338, Laws of 2019) (“SHB 1406”); and

WHEREAS, under the new law, a “qualifying local tax” is defined as any of the following: (1) the affordable housing levy (RCW 84.52.105); (2) the sales and use tax for housing and related services (RCW 82.14.530); (3) the sales and use tax for chemical dependency and mental health treatment services or therapeutic courts (RCW 82.14.460), or (4) a voter-approved property tax levy used solely for affordable housing (RCW 84.55.050; and

WHEREAS, under the new law, the maximum rate of 0.0146 percent is available only to a city levying a qualifying local tax; and

WHEREAS, a county may not levy the tax within the limits of a city imposing the tax at 0.0146 percent; and

WHEREAS, the City of Maple Valley does not presently have a qualifying local tax and this Ordinance would not impose a qualifying local tax; and

WHEREAS, the City of Maple Valley could still obtain the maximum rate of 0.0146 percent under the new law if a qualifying local tax is instated in Maple Valley no later than July 27, 2020 (this would require separate additional action beyond the scope of the Ordinance); and

WHEREAS, under the new law, the rate of 0.0073 percent is available to a city, like Maple Valley, without a qualifying local tax; and

WHEREAS, to collect the tax, a city legislative authority must pass a resolution of intent by January 27, 2020 and adopt an ordinance authorizing the tax within by July 27, 2020; and

WHEREAS, the City Council passed a Resolution of Intent on December 2, 2019; and

WHEREAS, the tax imposed by this Ordinance is deducted against the state sales tax collected in the jurisdiction, so it does not increase the total sales and use tax paid by the final consumer or end user; and

WHEREAS, under this new tax, the amount a city may collect in any fiscal year is limited based on taxable retail sales in the jurisdiction for state fiscal year 2019; and

WHEREAS, a city may bond against the revenue by this tax; and

WHEREAS, the revenue collected or bonds issued may only be used for: 1) acquiring, rehabilitating, or constructing affordable housing, including new units of affordable housing within an existing structure or facilities providing supportive housing services; or 2) operations and maintenance costs of new units of affordable or supportive housing; and

WHEREAS, cities with a population of 100,000 or less may also use the revenue to provide rental assistance to tenants; and

WHEREAS, housing and services may only be provided to persons whose income is at or below 60 percent of the city's median income; and

WHEREAS, a city may enter into an Interlocal Agreement with one or more other counties, cities, or other housing partners to provide affordable or supportive housing; and

WHEREAS, cities imposing the tax must submit annual reports on the collection and uses of the revenue to the Department of Commerce; and

WHEREAS, the City Council desires, by this Ordinance to levy and impose the tax authorized by Chapter 338, Laws of 2019;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MAPLE VALLEY, KING COUNTY, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. A new Chapter, Chapter 3.05A of the Maple Valley Municipal Code (MVMC), entitled "Sales and Use Tax for Housing," is hereby adopted to read as follows

**Chapter 3.05A
Sales and Tax Use for Housing**

Sections:

3.05A.010	Sales and use tax for housing - Definitions.
3.05A.020	Sales and use tax for housing - Imposition.
3.05A.030	Sales and use tax for housing - Rate.
3.05A.040	Sales and use tax for housing - Deduction.
3.05A.050	Sales and use tax for housing - Expiration.
3.05A.060	Sales and use tax for housing - Reporting.

3.05A.010 Sales and use tax for housing - Definitions.

A. "Participating city" is a city that imposes a sales and use tax in accordance with the terms of Chapter 338, Laws of 2019.

B. "Taxable event" means any retail sale, or any use, upon which a state tax is imposed pursuant to chapter 82.08 or 82.12 RCW, as they now exist or may hereafter be amended.

However, the term does not include a retail sale taxable pursuant to RCW 82.08.150, as now or hereafter amended.

3.05A.020 Sales and use tax for housing - Imposition.

The City of Maple Valley is a Participating city. Pursuant to Chapter 338, Laws 2019, there is authorized, fixed and imposed a sales and use tax on every Taxable event. The tax shall be imposed upon and collected from those persons from whom the state sales or use tax is collected pursuant to Chapters 82.08 and 82.12 and may only be used for affordable and supportive housing purposes as provided in Chapter 338, Laws of 2019..

3.05A.030 Sales and use tax for housing - Rate.

The rate of the tax imposed by Section 3.05A.020 of this chapter shall be the maximum rate permitted cities under Chapter 338, Laws of 2019.

3.05A.040 Sales and use tax for housing - Deduction.

The tax imposed under this chapter must be deducted from the amount of tax otherwise required to be collected or paid to the Department of Revenue under Chapters 82.08 or 82.12 RCW.

3.05A.050 Sales and use tax for housing - Expiration.

The tax imposed by this chapter expires 20 years after the date on which the tax is first imposed.

3.05A.060 Sales and use tax for housing - Reporting.

The Finance Director shall report annually to the Department of Commerce on the collection and use of the revenue from the tax imposed by this chapter.

Section 2. Severability. If any section, subsection, clause, sentence, or phrase of this ordinance should be held invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance.

Section 3. Effective Date. This ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum and shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

Section 4. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and the Code Reviser are authorized to make necessary corrections to

this Ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or section/subsection numbering.

ADOPTED ON JUNE 22, 2020 AT A SPECIAL BUSINESS MEETING BY THE
CITY COUNCIL OF THE CITY OF MAPLE VALLEY:

MAYOR SEAN P. KELLY

ATTEST/AUTHENTICATED:

CITY CLERK, SHAUNNA LEE-RICE

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

BY _____
PATRICIA TARADAY

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
PUBLISHED: 06-26-2020
EFFECTIVE DATE: 06-30-2020
ORDINANCE NO. O-20-695